

Preparing for and Navigating PTAB Appeals Before the Federal Circuit

Conducting PTAB Trials With Eye to Appeal, Determining Errors for Appeal, Understanding PTO Practice and Federal Circuit Law

THURSDAY, JANUARY 17, 2019

1pm Eastern | 12pm Central | 11am Mountain | 10am Pacific

Today's faculty features:

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January 17, 2019

Presented by
Erika H. Arner and Michael J. Flibbert

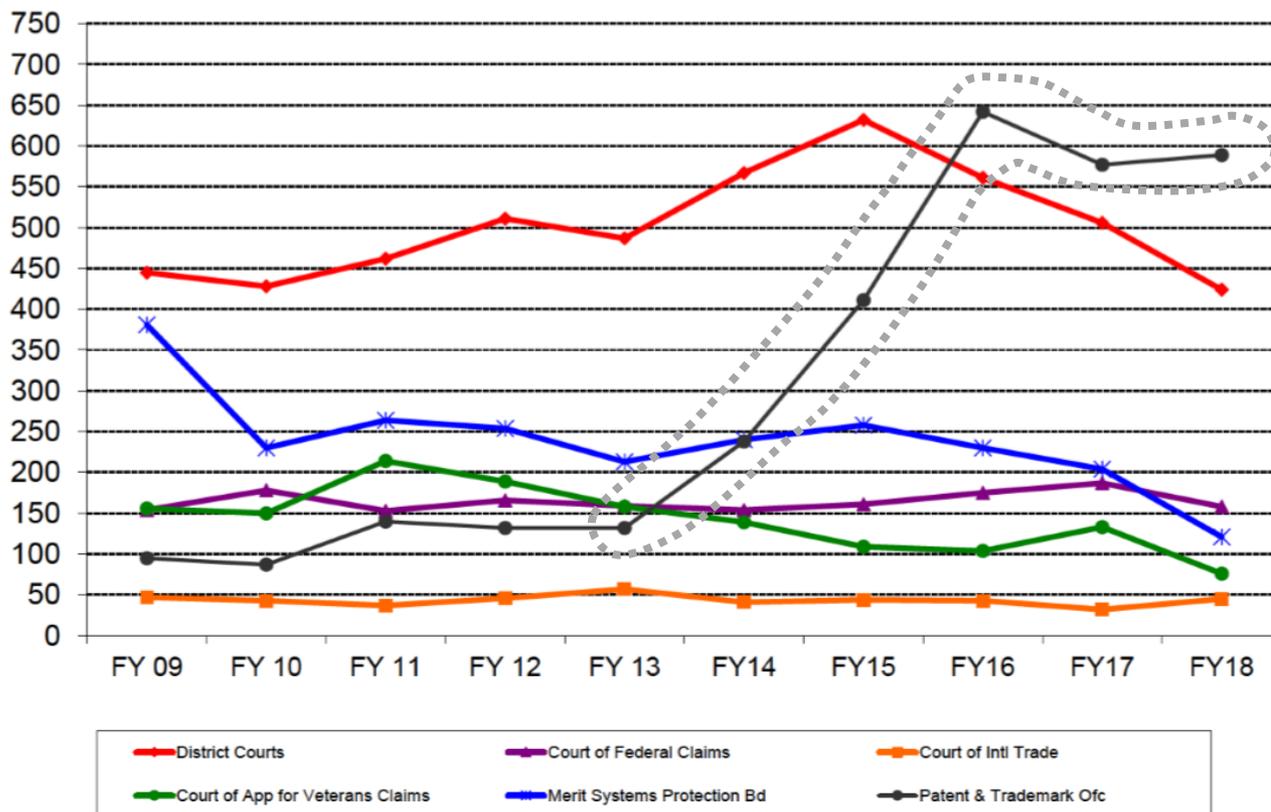
Program Agenda

- Current Federal Circuit PTAB appeal statistics
- Commencing a Federal Circuit appeal from PTAB
- Standing to appeal
- Appealability
- Positioning an appeal
- Examples of successful appeal strategies
- Strategic tips: appeal briefs
- Strategic tips: oral argument

Current Federal Circuit PTAB Appeal Statistics

PTAB: #1 Source of CAFC Appeals

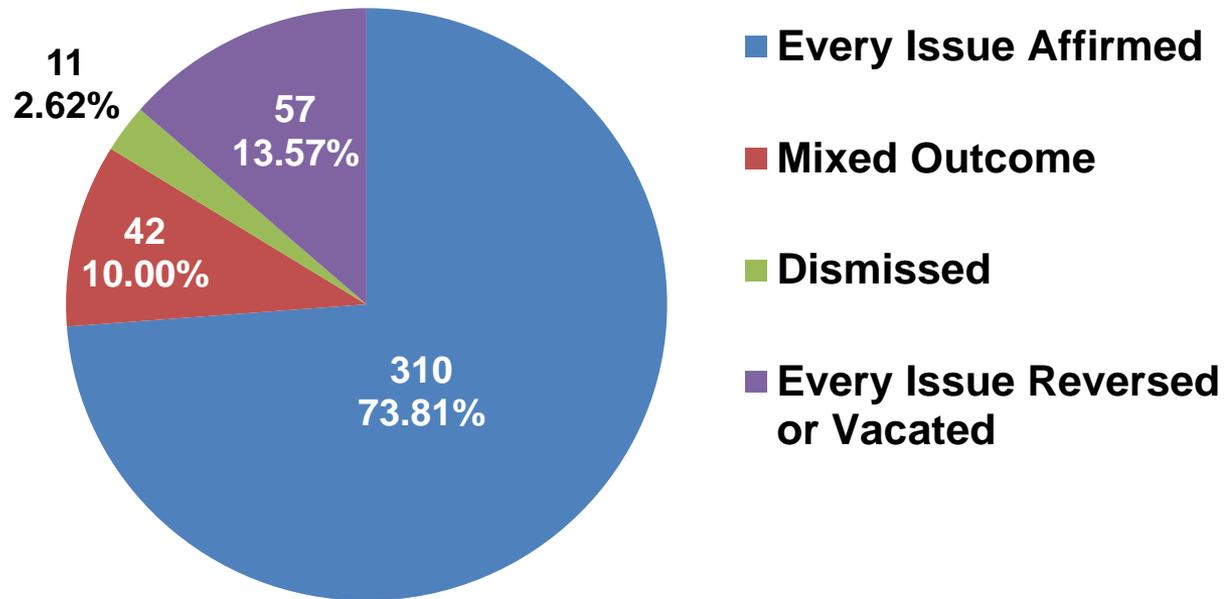
United States Court of Appeals for the Federal Circuit
Appeals Filed in Major Origins



Notes: Includes reinstated, cross-, and consolidated appeals.

CAFC Stats: IPR Appeals 2015-2018

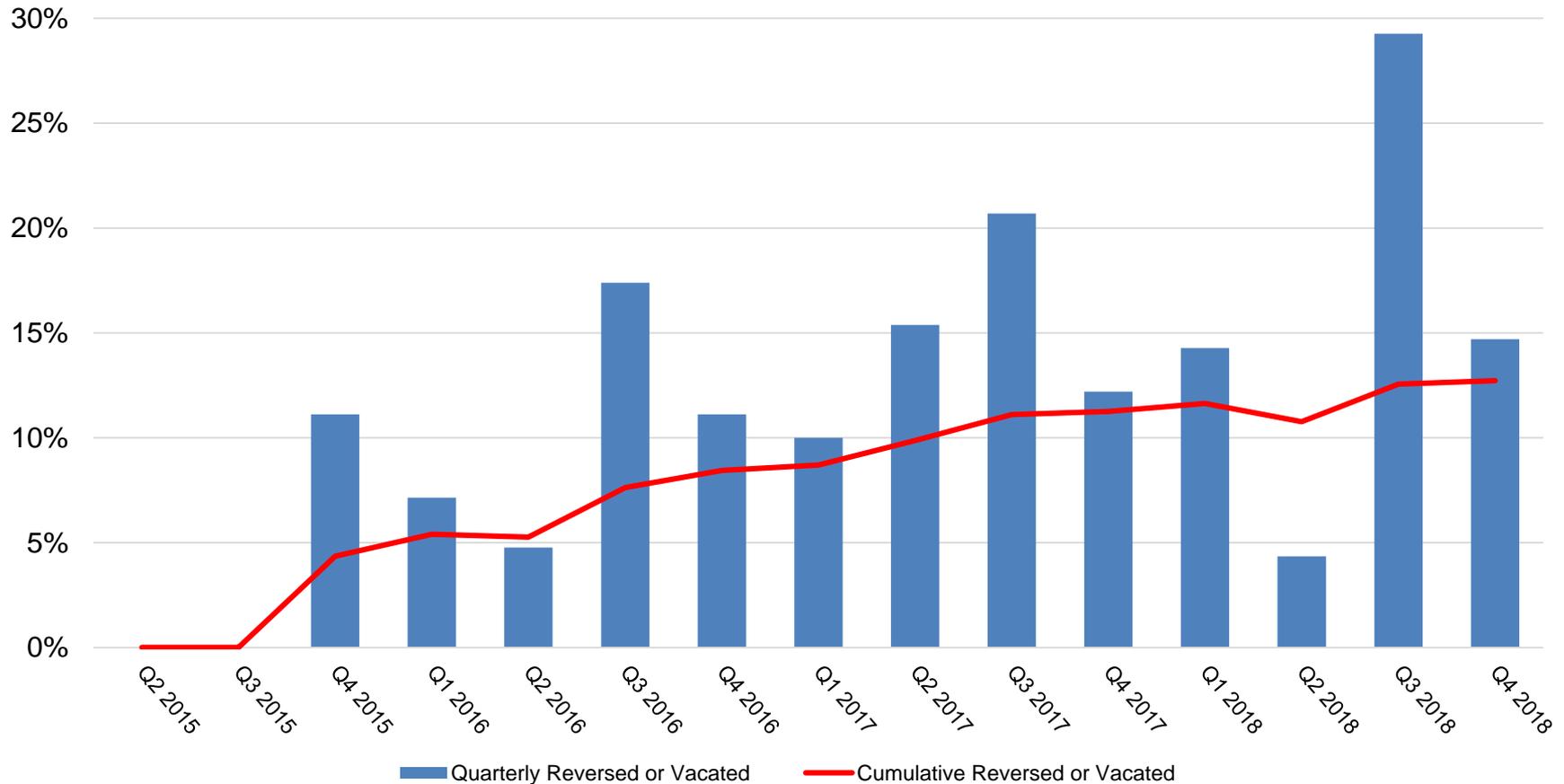
IPR Appeals - Case Outcomes Through End of 2018



David C. Seastrunk and Daniel F. Klodowski, Finnegan, *Federal Circuit PTAB Appeal Statistics – as of Jan. 1, 2019*

CAFC Stats Over Time: Reversed/Vacated

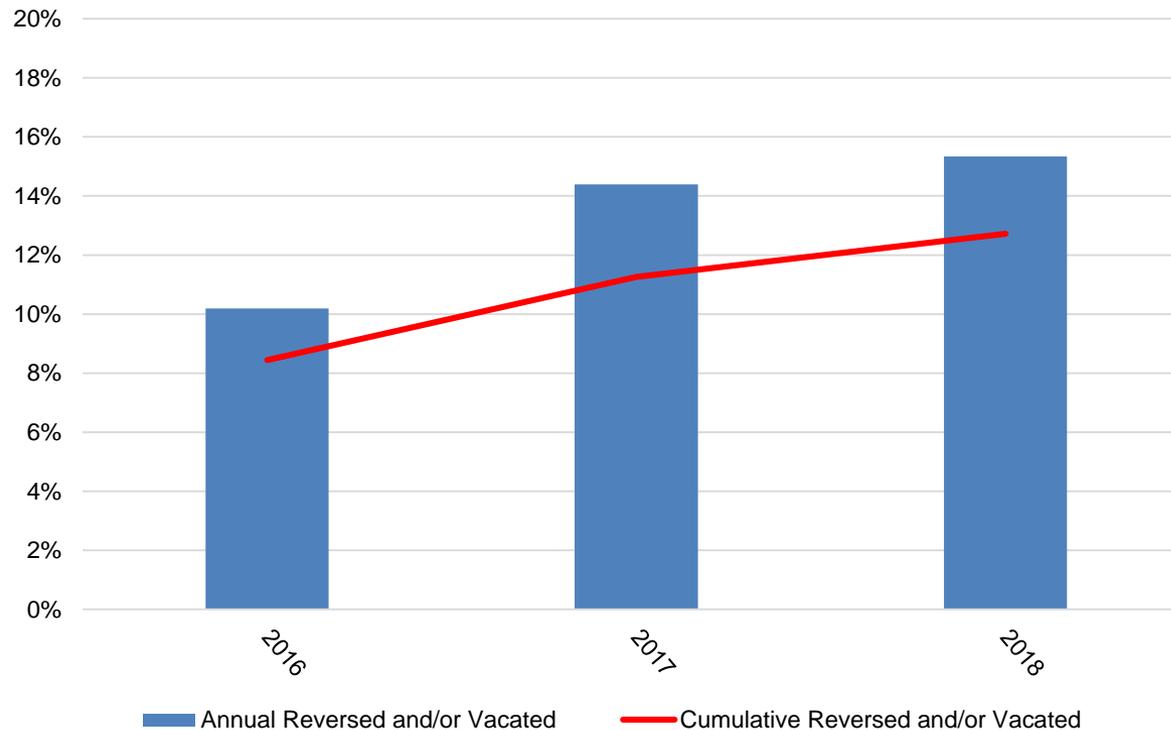
Percentage of Federal Circuit Appeals from the PTAB
(Reversed or Vacated)



David C. Seastrunk and Daniel F. Klodowski, *Federal Circuit PTAB Appeal Statistics – as of January 1, 2019*

CAFC Stats Over Time: Reversed/Vacated¹ (Annual)

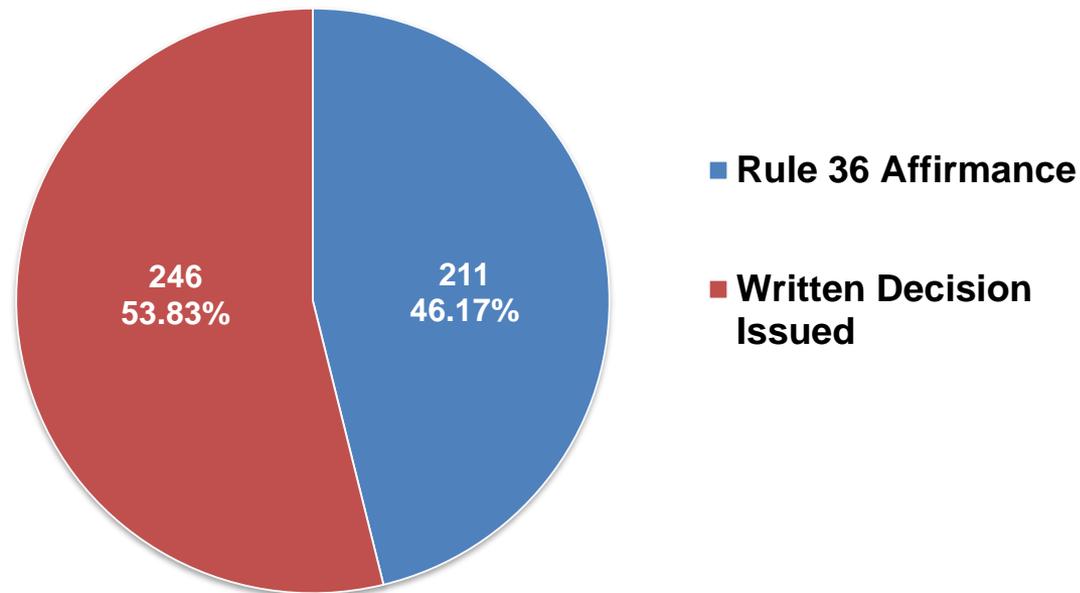
Percentage of Federal Circuit Appeals from the PTAB
(Reversed or Vacated)



David C. Seastrunk and Daniel F. Klodowski, *Federal Circuit PTAB Appeal Statistics – as of January 1, 2019*

CAFC Stats: Rule 36 Usage

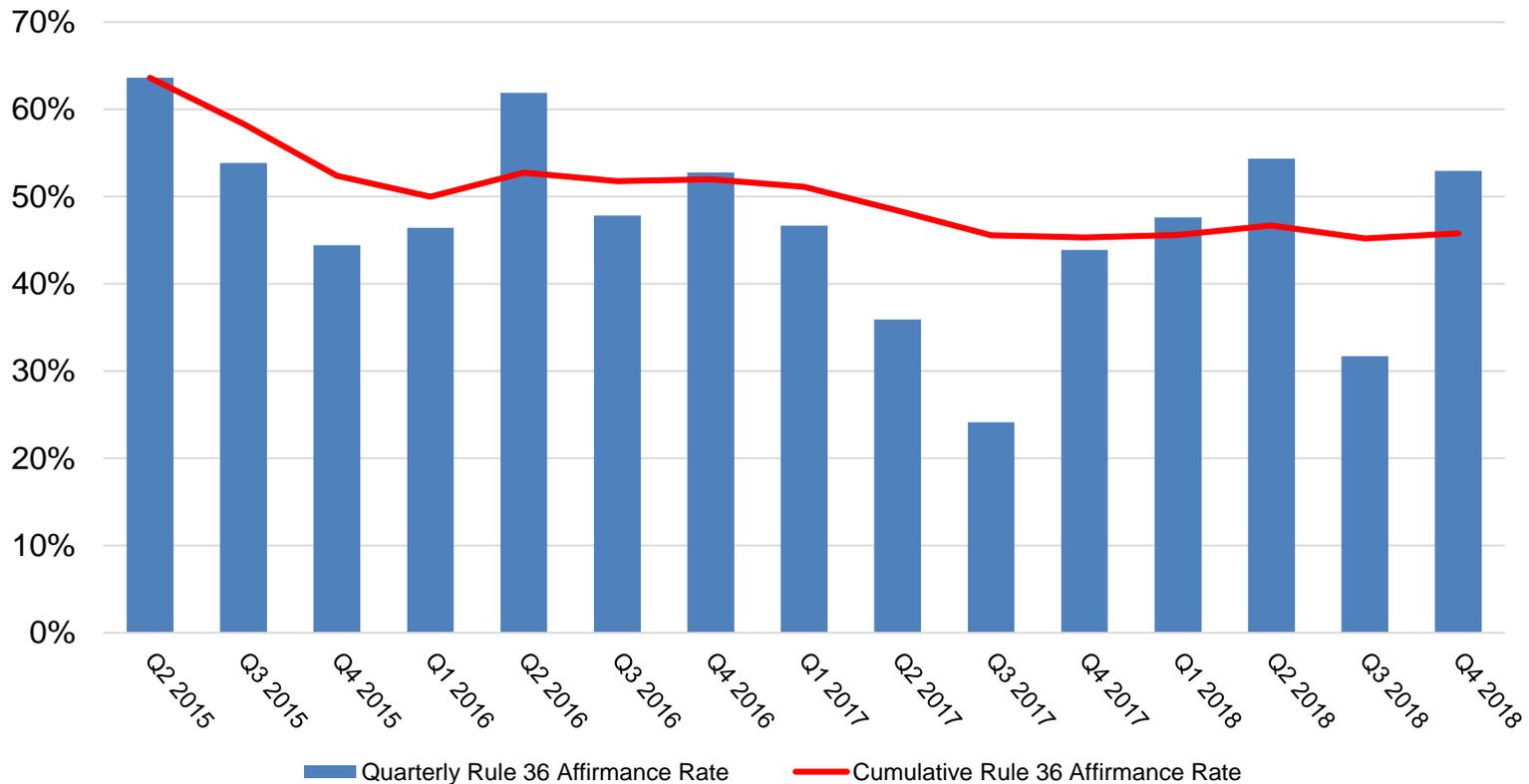
IPR and CBM Appeals Combined Outcomes - Rule 36



David C. Seastrunk and Daniel F. Klodowski, *Federal Circuit PTAB Appeal Statistics – as of January 1, 2019*

CAFC Stats Over Time: Rule 36

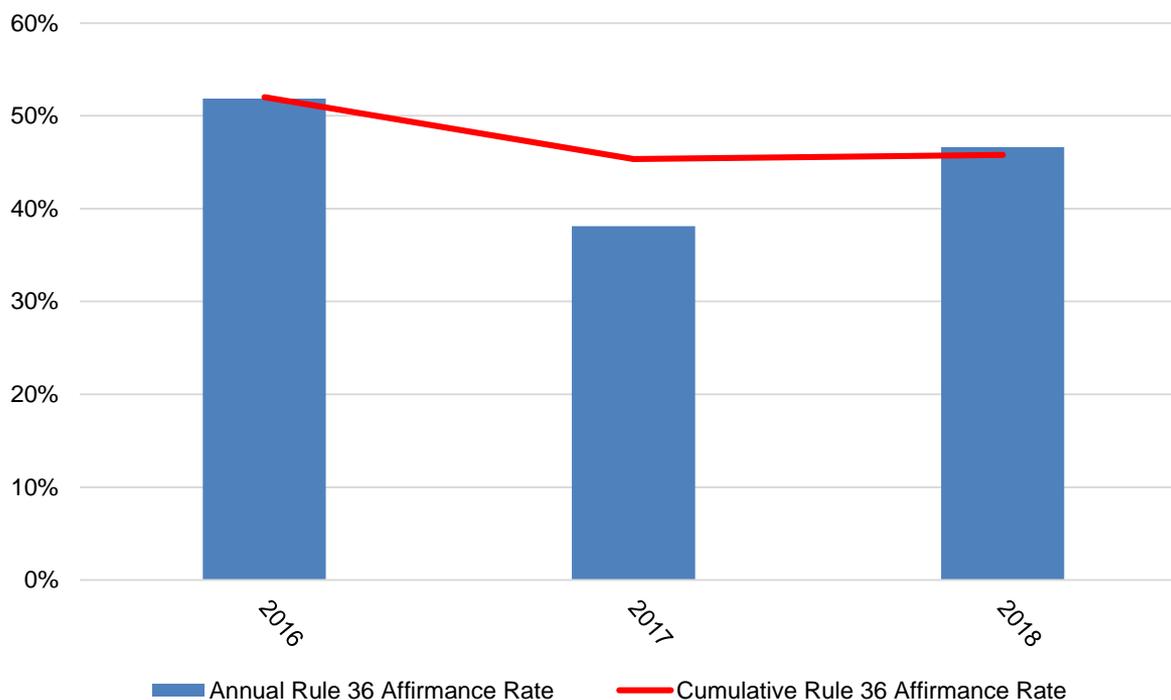
Percentage of Rule 36 Affirmances from PTAB Appeals (IPR+CBM) Over Time



David C. Seastrunk and Daniel F. Klodowski, *Federal Circuit PTAB Appeal Statistics – as of January 1, 2019*

CAFC Stats Over Time: Rule 36 (Annual)

Percentage of Rule 36 Affirmances from PTAB Appeals (IPR+CBM) Over Time



David C. Seastrunk and Daniel F. Klodowski, *Federal Circuit PTAB Appeal Statistics – as of January 1, 2019*

Commencing a Federal Circuit Appeal from PTAB

Commencing a CAFC Appeal from PTAB

- Must file a timely Notice of Appeal:
 - No later than 63 days after final Board decision. 37 CFR § 90.3(a).
 - File notice with Director, 37 CFR § 90.2(a), with copy to PTAB, 37 CFR § 90.2(a), and three copies to Federal Circuit clerk, Fed. Cir. R. 15(a)(1).
 - Provide sufficient information to allow Director to determine whether to intervene. 37 CFR 90.2(a)(3)(ii).
- Cross-appeals:
 - Within 14 days of the Notice of Appeal. FRAP 4(a)(3).

Standing to Appeal

Standing to Appeal

- USPTO is an administrative agency
 - Need only meet requirements of the agency and Congress to commence PTO proceeding
- Article III courts require standing
 - Article III of the U.S. Constitution limits the jurisdiction of federal courts to actual “Cases” and “Controversies.”
Art. III, § 2.
 - Standing is immutable and non-waivable

Standing (cont'd)

- Patent Owner always has standing
- Petitioner should establish standing to appeal to the CAFC at earliest opportunity
- To show standing, must prove injury that is:
 - Concrete and particularized
 - Imminent or actual
 - Caused by the defendant, and
 - Is likely redressable by a favorable decision

Standing (cont'd)

- *Phigenix v. ImmunoGen* (Fed. Cir. 2017)
 - “When the [appellant]’ s standing is not self-evident, however, the [appellant] must supplement the record to the extent necessary to explain and substantiate its entitlement to judicial review.”
- Appellant can establish standing with:
 - Record evidence
 - Declarations/affidavits
 - Other evidence

Standing (cont'd)

Standing evidence to consider:

- Ongoing patent infringement litigation?
- Allegations of patent infringement?
- Copying allegations similar to infringement threat?
- Direct competitors (commercial dispute)?
- Petitioner investing in and commercially developing patented technology (risk of future infringement)?
- PO's refusal to grant petitioner covenant not to sue?

Appealability

Appealability

- 35 U.S.C. § 318(a):
 - If an IPR is instituted and not dismissed, the PTAB shall issue a final written decision as to the patentability of any challenged claim and any new claim added.
- 35 U.S.C. § 319:
 - A party dissatisfied with the PTAB's final written decision under section 318(a) may appeal the decision. Any party to the IPR shall have the right to be a party to the appeal.

Appealability (cont'd)

- 35 U.S.C. § 314(d):
 - NO APPEAL -- The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable
- *Cuozzo Speed Techs., LLC v. Lee*, 136 S.Ct. 2131, 2141 (2016) confirmed that § 314(d) bars appellate review of institution decisions, even if the grounds are tied to statutory interpretation

Appealability (cont'd)

- *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364 (Fed. Cir. 2018) (en banc)
 - PO argued § 315(b) time bar in preliminary response and in patent owner response
 - Board's final written decision denied time-bar defense
 - CAFC held that the § 314(d) “no appeal” provision was limited to the determination to institute “under this section” and did not extend to the time bar under the different § 315(b) statute

Appealability (cont'd)

- *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364 (Fed. Cir. 2018) (en banc)
 - “Thus, the statutory scheme as a whole demonstrates that § 315 is not ‘closely related’ to the institution decision addressed in § 314(a), and it therefore is not subject to § 314(d)’s bar on judicial review.”
 - Open question: Is it permissible to appeal from a noninstitution decision applying the § 315(b) time bar, where there is no final written decision?

Positioning an Appeal

Positioning an Appeal

- Have you preserved all potential issues for appeal?
- Arguments made for the first time on appeal are waived
 - *In re Watts* (Fed. Cir. 2004) (“We have frequently declined to hear arguments that the applicant failed to present to the Board.”)
- Waiver also applies where a party fails to develop an argument sufficiently for the Board to consider it
 - *Fresenius USA v. Baxter Int’l* (Fed. Cir. 2009)

Positioning an Appeal (cont'd)

- Preserve arguments at Board and avoid waiver:
 - When challenging a specific rule, cite the rule to the Board
 - *Lingamfelter v. Kappos* (Fed. Cir. 2012)
 - Specifically articulate arguments at every step – *before* rehearing
 - *In re Avid Identification Sys., Inc.* (Fed. Cir. 2013)
 - Requests for Rehearing: not required but may help ensure all arguments raised before Board

Positioning an Appeal (cont'd)

- Consider the applicable standard(s) of review
 - Issues of law reviewed *de novo* – greatest chance
 - Conclusions on obviousness or enablement
 - Claim construction
 - Case law interpretation or application
 - Statutory interpretation or application
 - E.g., conclusion on whether reference is § 102 “printed publication”
 - Adherence to APA procedures

Positioning an Appeal (cont'd)

- Consider the applicable standard(s) of review
 - Issues of fact reviewed for substantial evidence – difficult to reverse
 - Written description
 - Anticipation
 - Facts underlying obviousness
- Procedural issues (e.g., denial of discovery) are unlikely to be reversible even if appealable

Positioning an Appeal (cont'd)

- Typical best overall approach
 - Appellant should highlight the Board's legal errors, which are subject to *de novo* review by CAFC, and establish that those legal errors were harmful
 - Appellee should stress that the Board's factual findings were supported by substantial evidence and establish that any alleged legal errors were harmless

Positioning an Appeal (cont'd)

- Common appellant mistakes
 - Challenging the Board's fact finding
 - Raising alleged procedural errors
 - Failing to show any harmful error
 - Failing to preserve arguments (waiver)
 - Making factually inaccurate or unsupported assertions
 - Often with missing or inaccurate record cites
 - Raising too many arguments or alleged errors

Positioning an Appeal (cont'd)

- Common appellee mistakes
 - Not responding to all appellant arguments or cited cases
 - Failing to point to all substantial evidence supporting the Board's fact finding
 - Failing to acknowledge or adequately address any problems with the Board's decision
 - Making factually inaccurate or unsupported assertions
 - Often with missing or inaccurate record cites
 - Failing to challenge appellant's showing of harmful error
 - Failing to highlight any waiver issues

Examples of Successful Appeal Strategies

Examples of Successful Appeal Strategies

- Claim construction
 - *TF3 Ltd. v. Tre Milano, LLC* (Fed. Cir. 2018) (reversing Board’s anticipation decision in an IPR in view of overly broad claim construction)
 - *In re Power Integrations, Inc.* (Fed. Cir. 2018) (reversing Board’s anticipation rejections in *ex parte* reexam because the Board’s claim construction was unreasonably broad and omitted any consideration of the disclosure of the specification)
 - *In re Smith Int’l, Inc.* (Fed. Cir. 2017) (reversing Board’s anticipation and obviousness determinations because the Board’s claim construction was unreasonably broad in light of the specification)

Examples of Successful Appeal Strategies

- Printed publication prior-art status
 - *GoPro, Inc. v. Contour IP Holding LLC* (Fed. Cir. 2018) (vacating and remanding IPR decisions in view of Board's misapplication of legal principles concerning whether GoPro sales catalog qualified as a prior-art printed publication)

Examples of Successful Appeal Strategies

Other Recent CAFC Decisions on Non-Patent Literature

- *Medtronic, Inc. v. Barry* (Fed. Cir. 2018) (vacating Board finding of no “printed publication” for a video and slides, where Board failed to fully consider all the factors for determining whether publicly accessible)
- *Jazz Pharm., Inc. v. Amneal Pharm., LLC* (Fed. Cir. 2018) (affirming Board determination that FDA committee meeting materials were a “printed publication”)
- *Nobel Biocare Servs. AG v. Intradent USA, Inc.* (Fed. Cir. 2018) (affirming Board decision that catalog at a German conference was a printed publication)
- *Acceleration Bay, LLC v. Activision Blizzard Inc.* (Fed. Cir. 2018) (affirming Board decision that report on website was not publicly accessible because it was not meaningfully indexed and the website’s search form was deficient)

Examples of Successful Appeal Strategies

- Sufficiency of Board's decision under APA
 - *Rovalma, S.A. v. Bohler-Edelstahl GmbH & Co. KG* (Fed. Cir. 2017) (vacating/remanding case in view of Board's failure to sufficiently explain its decision as required by the APA)
 - *In re Nuvasive, Inc.* (Fed. Cir. 2016) (vacating/remanding IPR in view of Board's failure to articulate its reasons for finding a motivation to combine the cited prior-art references)

Examples of Successful Appeal Strategies

- Secondary considerations
 - *Polaris Indus., Inc. v. Artic Cat, Inc.* (Fed. Cir. 2018)
(vacating/remanding obviousness decision where Board failed to consider PO's evidence of commercial success)
 - *Leo Pharm. Prods., Ltd. v. Rea* (Fed. Cir. 2013) (reversing Board's obviousness decision in view of compelling secondary considerations evidence, which the Board failed to consider)

Examples of Successful Appeal Strategies

- Interpretation or application of case law
 - *DuPont and ADM v. Synvina C.V.* (Fed. Cir. 2018) (reversing nonobviousness decision as to all challenged claims in an IPR in view of the Board's failure to apply overlapping-ranges legal principles and its misinterpretation of the Federal Circuit's *Magnum Oil* precedent)

Strategic Tips: Appeal Briefs

Strategic Tips: Appeal Briefs

- CAFC judges may not have technical backgrounds
 - Patent Owner: explain invention in a manner that is compelling and easy to understand
 - Petitioner: develop theme of why there was no invention
- Narrow the issues appealed: fewer issues are generally better
- Explain why any error was harmful (appellant) or not harmful (appellee)

Strategic Tips: Appeal Briefs (cont'd)

- Most appeals turn on briefs, not oral argument
- Clarity is key
 - Preliminary statement is helpful
 - Explain technology but avoid unnecessary detail
 - Use colored diagrams and charts
 - Headings provide a useful roadmap
- Statement of facts
 - Must tell a compelling story
 - Avoid arguments or case citations
 - Include accurate record cites; don't overstate facts
 - Court should want to rule for you after reading facts

Strategic Tips: Appeal Briefs (cont'd)

- Argument section
 - Prioritize – strongest argument usually goes first
 - Don't leave the Court guessing at your best precedent – identify key cases and fully develop them
 - Address any adverse precedent
 - Avoid string cites or block quotes
 - Avoid lengthy discussion of undisputed legal principles
 - Avoid making substantive arguments in footnotes

Strategic Tips: Oral Argument

Strategic Tips: Oral Argument

- Start by concisely identifying the reversible error (or the key reasons for affirmance)
- Purpose is to allow Court to ask questions
- Listen carefully, be flexible, answer questions directly
- Thorough familiarity with record and relevant case law is essential
- Advance preparation should include brainstorming to identify possible questions
- Don't interrupt judges; adhere to time limits

Questions?

Thank You

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Speaker Information



Erika Arner is a nationally-recognized leader in trial practice before the PTAB and was named 2017 PTAB Litigator of the Year by *Managing IP*. She represents clients in technologies ranging from graphical user interfaces to complex telecommunications systems to large scale scent diffusion devices.



Mike Flibbert is a partner in Finnegan's chemical practice group, which he has chaired. With more than 20 years of experience, he serves as lead counsel in IPRs before the PTAB, Federal Circuit appeals, and district court litigations. Mike handles cases involving pharmaceuticals, biotechnology, chemistry, and chemical engineering.

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